

U.S. Department of the Treasury
Bureau of the Fiscal Service

Supplement to Treasury Financial Manual (TFM) Volume I, Part 4A, Chapter
4000: Requirements for Non-Treasury Disbursing Officers

Federal Entity Self-Certification Guide and Questionnaire



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Background

Delegated disbursing authority is the specific authorization from the U.S. Department of the Treasury (Treasury) Bureau of the Fiscal Service (Fiscal Service) to a federal entity, permitting the federal entity to disburse funds for a specific purpose or application. The delegation of disbursing authority specifies the disbursement mechanism(s) and authorizations.

A delegation of disbursing authority is provided pursuant to the authority granted to the Secretary of the Treasury in 31 U.S.C. 3321 (b). Fiscal Service's programmatic responsibility is to provide oversight and guidance to delegated disbursing federal entities. It is incumbent upon federal entities with delegated disbursing authority to ensure that they have proper controls for accountability and security in place.

Fiscal Service delegates disbursing authority to federal entities on a very limited basis. Delegations are granted only when:

- A federal entity requires a level of service for disbursing funds that Fiscal Service cannot provide; or
- It is more efficient and cost beneficial to the federal government;
- The federal entity's needs preclude the cash management needs of the Treasury; and
- The federal entity has provided certified assurance that it has effective internal control measures and that security requirements will be followed.

Purpose

This guide/questionnaire prescribes procedures by which federal entities with granted delegation of disbursing authority self-certify that their organization is in compliance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA), Section 2 and Section 4 requirements. See [TFM Volume I, Part 4A, Chapter 4000](#), subsection 4040, for more information about delegated disbursing authority.

Authority

The applicable regulations and guidance governing this guide/questionnaire are:

- TFM Volume I, Part 4A, Chapter 4000;
- Federal Managers Financial Integrity Act of 1982, Pub. Law No. 97-255 (31 U.S.C. § 3512);
- Federal Financial Management Improvement Act of 1996 (FFMIA), Pub. Law No. 104-208 (31 U.S.C. § 3512 note);
- Office of Management and Budget (OMB) Circular No. A-123;
- TFM Volume I, Part 2, Chapter 3100;
- TFM Volume I, Part 4, Chapter 6000;
- 44 U.S.C. Chapters 21, 29, 31, and 35;
- Executive Order 13224.

Objectives

Every 2 years, federal entities with delegated disbursing authority shall conduct a review of their disbursing operations to ensure that they are in compliance with FMFIA, Section 2 and Section 4 requirements. Specifically, each federal entity must self-certify that its Section 2 and Section 4 reports, as they relate to disbursements, provide reasonable assurance that the federal entity is in compliance with FMFIA, Section 2 and Section 4 requirements, through its submission of the completed self-certification and questionnaire to the Fiscal Service Chief Disbursing Officer. To the extent that a federal entity self-certifies “non-compliance” or “qualified assurance” with Section 2 and Section 4 requirements, it must identify all material weaknesses and its corrective action plan to achieve compliance within an identified timeframe.

The responses given to the questions in the attached questionnaire for the functions of issuance and reporting, and inventory maintenance and reporting, will determine whether there is reasonable assurance that federal entity controls and security for delegated disbursement authority are adequate to compensate for any risks associated with the process. There are two aspects of the determination of assurance. First, there needs to be an evaluation of the degree of the risk inherent in the delegated disbursement authority. Second, there needs to be assurance that the existence of controls minimizes any inherent risk in the process.

Therefore, the vulnerability (the risk presented to the government) is the net effect of inherent risk and the countervailing controls.

The questionnaire portion also addresses the implementation of the requirements posed by the Debt Collection Improvement Act of 1996, as amended (DCIA). The questions address the Non-Treasury Disbursing Office (NTDO) compliance of items outlined in the DCIA.

In addition, the questionnaire requests verification of compliance with the Improper Payments Elimination and Recovery Act of 2012 (IPERIA), as it may be amended.

Definitions

For purposes of this document, the following definitions shall apply:

Abuse—Violation of Treasury, federal entity, or disbursement regulations or laws that impairs the effective and efficient performance of the responsibilities.

Accountable Officer—A U.S. Government official or employee who, on behalf of the United States, receives and maintains public funds, certifies vouchers, or maintains or draws checks on accounts of the United States, including those in depository banks designated by the Secretary of the Treasury.

Assessable Unit—A federal entity program or administrative function or subdivision that is to be subject to an internal controls vulnerability assessment.

Automated Clearing House (ACH)—A process of sending electronic payments and corresponding data from a disbursing office to a payee’s financial institution account.

Control Objectives—A desired goal for a specific function that reduces the potential for fraud, waste, and abuse, and/or ensures efficiency, effectiveness, and

economy of the operations.

Control Technique—A series of carefully constructed checks and balances that provide reasonable assurance that control objectives are met.

Debt Collection Improvement Act of 1996, as amended (DCIA)—A law mandating, among other things, that all federal disbursing officials match their payments with a database of delinquent debts maintained by Treasury and offset those payments to collect the debts. The DCIA also requires federal entities to submit delinquent non-tax debt owed to the U.S. Government that is 120 days delinquent to Treasury for collection by offset.

Disbursement System—An automated system comprised of one or more applications that is used to transmit and/or issue payments.

Disbursement Process—A process or series of automated and/or manual functions used to issue payments.

Do Not Pay (DNP)—The Do Not Pay business center and centralized system, which is administered by Fiscal Service's Debt Management Services (DMS), was established by the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 to support federal entities with their efforts to prevent and detect improper payments.

Federal Entity—The federal entity with delegated disbursing authority.

Fiscal Points—The internal control review points between the initial certification of a payment and the disbursement of that payment.

Financial Management System—The financial systems and the financial portions of mixed systems necessary to support financial management.

Financial System—An information system, comprised of one or more applications, that is used to collect, process, maintain, transmit, and report data about financial events; support financial planning; accumulate and report cost information; and support the preparation of financial statements.

Fedwire—A mechanism for making same-day electronic payments. Payments must be processed through the Federal Reserve Bank of New York. They are single payments, usually of a high dollar amount.

Fraud—The intentional, wrongful obtaining of money or obtaining some unfair or dishonest advantage. Fraud includes theft, embezzlement, false statements, illegal commissions, kickbacks, conspiracies, and collusive arrangements.

Function—An identified activity related to the disbursement process that is subject to internal controls.

General Control Environment—Various environmental factors that can influence the effectiveness of internal controls over the disbursement process.

Head of Agency—The individual with the authority to sign the delegated disbursing authority Memorandum of Understanding between the federal entity and Fiscal Service. This could be the Chief Financial Officer (CFO), the Deputy CFO, or a legally accepted equivalent.

Information System—The organized collection, processing, transmission, and dissemination of information in accordance with defined procedures, whether automated or manual.

Improper Payments Elimination and Recovery Act of 2010 (IPERA)—A law mandating, among other things, that all federal entities identify programs susceptible to significant improper payments, submit an estimated amount of

improper payments to Congress, and report on actions to address improper payments. The law also established the Do Not Pay initiative.

Internal Controls—The steps that the federal entity takes to provide reasonable assurance that obligations and costs are in compliance with applicable regulations and laws; funds and property, and other assets, are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures applicable to federal entity operations are properly accounted for and recorded.

Material Weakness—See “Significant Deficiency” below.

Risk—A situation or set of circumstances under which an unwanted occurrence such as loss, error, fraud, or mismanagement might occur in a program or administration component because internal controls are not adopted or implemented or are inadequate.

Risk Assessment—An evaluation of the federal entity’s susceptibility to waste, fraud, and mismanagement.

Significant Deficiency (formerly known as material weakness)—A situation in which designed procedures or the degree of operational compliance therewith does not provide reasonable assurance that the objectives of internal controls are being accomplished.

Treasury Offset Program (TOP)—A centralized offset program, administered by Fiscal Service’s Debt Management Services (DMS).

Vulnerability Assessment—An internal controls assessment performed by the federal entity’s managers utilizing a process and forms developed by the federal entity’s management control officers, program coordinators, or program administrators.

Instructions

The following self-certification and questionnaire should be used by your federal entity to determine if your federal entity is operating in accordance with prescribed internal control procedures and standards for disbursing. It also will be used by Fiscal Service to assess each federal entity’s compliance with TFM Volume I, Part 4A, Chapter 4000. When answering the questions in the questionnaire, you should:

- Consider your federal entity’s overall delegated disbursement authority activities.
- Complete questions 1-23. In addition, federal entities that disburse checks must answer questions 24-34.
- Complete all applicable questions on the questionnaire in full and mark questions that are determined to be non-applicable as such on the questionnaire.

Your federal entity should forward a self-certification and the completed questionnaire to the Chief Disbursing Officer at Fiscal Service within 30 business days of receipt of a request by Fiscal Service for a self-certification.

The self-certification must be on official federal entity letterhead of the submitting federal entity and include the following statements:

In accordance with the Treasury Financial Manual, Volume I, Part 4A, Chapter 4000, we

have completed the full self-assessment and self-certify compliance to the following:

1. Federal entity requires a particular level of service for disbursing funds that Fiscal Service cannot provide;
2. Delegation is more efficient and cost effective to the federal government and the public;
3. Federal entity's needs preclude the cash management needs of the Treasury;
4. Federal entity maintains effective internal controls and complies with pertinent security guidelines;
5. Federal entity follows the disbursing official and cashier guidelines set forth under 31 U.S.C. 3322, 3325, and 3528;
6. Federal entity assumes full accountability and liability for all disbursements issued under the delegation. The federal entity must not delegate the duties and functions related to the delegation to another party without consultation and prior written approval by the Chief Disbursing Officer;
7. Federal entity reporting of all disbursements made under the delegation in the federal entity's payment accounting reports to Fiscal Service, using the appropriate federal entity accounting codes, as authorized by Fiscal Service. The federal entity must submit immediately to the Chief Disbursing Officer any irregularity in accounts involving disbursement activity. Furthermore, the federal entity must resolve any irregularities or discrepancies associated with such reports;
8. Federal entity shall periodically obtain the services of a third party to assess the need for the delegated authority. This federal entity report will be provided to Treasury;
9. As a federal entity with delegated disbursing authority, the federal entity practices effective security and internal control measures as prescribed by Fiscal Service (in Treasury Directive No. 71-10), GAO, and the Office of Management and Budget (OMB); and
10. Federal entity is in compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), 31 U.S.C. § 3512, note.

The self-certification must also include an original wet or electronic signature from the agency head or an appropriate accountable officer of the federal entity. The federal entity must indicate that it has completed in full the questionnaire and, based on its response and analysis to the questions held therein, the federal entity (*select one*) **can give reasonable assurance** (unqualified statement); **can give reasonable assurance with the exception of the material weaknesses noted** (qualified statement); **cannot provide reasonable assurance** (a statement of no assurance) that it meets the prescribed standards for internal controls and disbursing and is in compliance with FMFIA, Section 2 and Section 4 requirements.

The self-certification and completed questionnaire may be emailed to the Chief Disbursing Officer; however, Fiscal Service must receive the self-certification with an original wet or electronic signature by physical mail to the address in the Contacts section below.

Once Fiscal Service receives a federal entity's complete questionnaire response, a Fiscal Service representative will send an email acknowledgement to the sending federal entity confirming receipt of the federal entity's response. Fiscal Service will then complete an internal review of the response and will send a letter signed by the Chief Disbursing Officer with the results of the review and any follow-up questions within 30 business days of receipt.

Internal Control Assessment Questionnaire

Federal Entity Background

1. What was the original purpose of your federal entity's request for delegated disbursing authority?
2. When was the last time your federal entity evaluated the purpose for delegated disbursing authority against your original intent to see if your need for delegated disbursing is still valid, can not be provided by Fiscal Service, cost effective to the U.S. Government, and/or efficient?
 - a. Please explain how this evaluation is completed including specific methodologies and findings from the last evaluation.
3. Please describe in detail the services that are provided by your federal entity that cannot be provided by a Treasury disbursing office. In your response **briefly** describe the organizational and system processes used in the disbursement of funds. Furthermore, please identify the process and fiscal points between the certification and disbursement of payments along with the employee structure that supports the process. Indicate in your description:
 - a. The Head of the Agency;
 - b. The head of the functional area responsible for the delegated disbursing authority;
 - c. The designated Certifying Officer and/or the Disbursing Officers;
 - d. Functional areas (e.g. disbursing, accounting, reporting units);
 - e. The number of employees who access the system; and
 - f. The number of external users who access the system.
4. Describe how your federal entity designates its Certifying and Disbursing Officers?
 - a. Does the head of your agency designate Disbursing and Certifying Officers?
 - b. Please describe the formal process your federal entity uses for appointing Certifying and Disbursing Officers?
 - c. How are records for all designations maintained and stored?

- d. Do only U.S. Government employees perform actual disbursements?
 - e. Do you have a process for renewing and/or rescinding Certifying and Disbursing Officer designations?
 - i. If yes, please describe the process and the frequency.
5. By applicable payment type, (for example, ACH payments, Fedwire and Check payments), what was the payment volume and dollar amount of payments last fiscal year? Please also include the maximum, minimum, and average dollar amount of each payment type for the last fiscal year.
6. By applicable payment type, (for example, ACH payments, Fedwire and Check payments), describe the average time it takes to issue a payment from the point of certification to issuance? What are the longest and shortest times?
7. Describe the past fiscal year payments disbursed by volume and dollar amounts for the categories of Miscellaneous, Vendor, Salary, Grant and/or Benefit. For each category, please also provide the maximum, minimum, and average dollar amount for payments disbursed in the past fiscal year.
8. Does your federal entity cross-service/disburse payments for other federal entities?
- a. If yes, please list the federal entities for which you perform these services (include the volume and categories of these disbursements and the dollar value for each federal entity).
 - b. Did you notify the Chief Disbursing Officer of these services being performed for the cross-serviced federal entity? If so, what form did the notification take?
 - c. Please provide a copy of the Memorandum of Understanding or Letter of Agreement for the federal entities for which you cross-service/disburse payments.

Audits/Assessments/Reviews

9. Does your federal entity utilize the services offered by Fiscal Service Do Not Pay (DNP)?
- a. If yes, please confirm which data sources you are reviewing before payment issuance to make payment eligibility decisions?
 - b. If no, please explain how your federal entity is complying with the requirements of IPERIA?
10. Is your federal entity currently matching with the Fiscal Service Treasury Offset Program database of delinquent debtors?

- a. If yes,
 - i. Are you offsetting payments to recipients who have a delinquent debt with the U.S. Government?
 - ii. Do you track the number of offsets by both dollar amount and quantity?
- b. If no,
 - i. When does your federal entity intend to comply with the offset provisions of the DCIA?
 - ii. What actions are being taken to meet this compliance?

11. Does your federal entity have an internal offset process?

- a. If yes, please describe the process.
- b. If no, what assurance do you have that your federal entity is not disbursing a payment to a debtor of the federal government?

12. When and by whom was your federal entity's last security assessment on the disbursement process performed?

13. Does your federal entity conduct risk assessments of the disbursement process?

- a. If yes, indicate the date and nature of the most recent assessment.

14. Related to disbursements, what has been the schedule of audits for your federal entity for the past 3 years?

- a. Over the last 3 years, has your federal entity ever been cited in an audit for material weaknesses or significant deficiencies which relate to disbursements?
 - i. If yes,
 1. Explain the situation(s) under which your federal entity was found to have a material weakness/significant deficiency and enclose a copy of the audit.
 2. In response to the above, what was the corrective action your federal entity has taken?
 3. How long did it take to resolve the above audit finding?
 4. Are any of these repeat findings?
 5. Have any of these audit findings remained unresolved greater than one year?

15. Within the last 3 years, has your federal entity ever been in non-compliance or reported qualified assurance with FFMIA?

- a. If yes,
 - i. Please explain the circumstances under which your federal entity was in noncompliance or reported qualified assurance, and
 - ii. Describe the specific corrective actions taken by your federal entity to remedy issues of noncompliance or qualified assurance including the length of time it took to complete the corrective actions.

Federal Entity Internal Controls for Disbursements

16. Describe your federal entity's overall internal controls with regard to disbursements. Within your description indicate the written procedures and manual and systematic controls that your federal entity utilizes to ensure:
 - a. The proper certification of disbursements;
 - b. The presence of supervisory controls and reviews;
 - c. Employee separations of duty (Are responsibilities clearly divided so as to avoid duplication, overlap, or conflicts?);
 - d. A clear delineation of authority and responsibility; and
 - e. The absence of duplicate payments.
17. Describe what controls are in place to abate theft, fraud, or abuse.
18. Describe how your federal entity's disbursements are accounted and reported. Does your federal entity have written procedures that contain a description of the method(s), mechanisms, and frequency for reporting your federal entity's disbursement transactions to the U.S. Treasury?
19. In the case of a \$50 million or larger disbursement, does your federal entity give proper notification to Treasury beforehand?
 - a. If no, please describe the circumstances for not notifying Treasury beforehand.

Federal Entity Records/Maintenance Controls

20. Does your federal entity have a formal retention policy for disbursement records?
 - a. Describe the alignment between your federal entity's formal record retention policy and your federal entity's specific procedures for the

maintenance, storage and applicable destruction of manual and electronic disbursements, and disbursement accounting records.

21. Is access to areas that store electronic information limited to those with an official need to know?
 - a. How is access controlled?

Federal Entity Check and Check Stock Controls

22. How does your federal entity report your detailed check-issue transmittals to the U.S. Treasury?
23. What is the frequency with which your federal entity reports your check issuance?
24. What measures does your federal entity take to ensure the timely reporting of your check issuance to Fiscal Service?
 - a. Within the last fiscal year, has your federal entity ever been late in reporting your check issuance?
 - b. If so, why and what measures has your federal entity taken to mitigate the situation?
25. Within the last fiscal year, has your federal entity received an Advice of Check Issue Discrepancy?
 - a. If yes, what measures has your federal entity taken to correct the discrepancy and to mitigate future errors?
26. Describe all occurrences in the past 2 years in which your federal entity released duplicate payments or other improper payments.
27. Does your federal entity perform verifications of values, worth, or amounts of shipments related to check stock and live checks? (This would apply to the receipt at bulk storage points of shipments of check stock, verification of audits, and allotment shipments to the United States Postal Service.)
 - a. If yes, describe the internal controls used by your federal entity to secure live checks and check stock. Include in your description the types

of controlled areas in which live checks and check stock are stored, and who, and at what times, individuals have access to these areas.

- b. Also, describe the procedures for dual control and the escorting of visitors.
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28. Describe the process and internal controls your federal entity uses when voiding live checks. Include in your description how and when checks are voided, who (job function) voids the checks, the supervisory controls, and/or how spoiled, damaged, unusable, and voided checks are accounted for and reported.
 29. Within the last 3 years, has there been any evidence of fraud, waste, or abuse in the maintenance of live checks or check stock? Describe when the occurrence took place and any corrective action that was taken as a result of it.
 30. Within the last 3 years, has there been any occurrence of lost check stock? Describe when the occurrence took place and any corrective action that was taken because of it.
 31. Describe your federal entity's process for performing periodic check inventories of live checks and check stock.
 32. Describe your federal entity's prescribed process for destroying checks. Include in your description the method(s) for destruction, how destroyed checks are recorded, and the controls for witnessing.

Contacts

Direct questions concerning this guide/questionnaire to:

Department of the Treasury
Bureau of the Fiscal Service
Attn: Chief Disbursing Officer/LCB Room 336
3201 Pennsy Drive, Building E
Landover, MD 20785
Telephone: 202-874-6790
Email Address: Margot.Kaeser@fiscal.treasury.gov